2009-2012 BUDGET
EXECUTIVE MAYOR'S SPEECH AND REPORT

Speaker: Cllr. Rosemary Thabanchu, Members of the Provincial Legislature, Executive Mayors and Speakers, District Representatives, MMC for Finance; Cllr. John Douw, Members of the Mayoral Committee, The Chief Whip and Whips of Council Cllr Bunga Ntsangani, Fellow Councillors,Municipal Manager, Acting CFO, Managers and Officials of Council, Members of the Community, Distinguished Guests, The Media, Ladies and Gentlemen

BACKGROUND
In terms of section 16(1) & (2) of the Municipal Finance Management Act; 56 of 2003; "The Council of a municipality must; for each financial year approve an annual budget for the municipality at least 30 days before the start of the financial year.

Ladies and Gentlemen; we are here for the same reason; to table the Draft Annual budget for the financial year 2009/2010 MTREF.

PREAMBLE
As we all know; the ANC led government is committed to fighting back the frontiers of poverty by all means possible. In this budget; just like the previous budgets; we will make sure that we address the plight of the poor and accordingly protect their wellbeing. It is therefore common knowledge that the plight of the unfortunate; poor citizens of this municipality play a pivotal point in crafting this draft budget.

THE BUDGET

Madam Speaker; allow me to say that the City of Matlosana has again made progress in its Endeavour to demonstrate its commitment in addressing developmental issues within its boundaries by drafting this budget. I am proud to announce that we have prepared a budget of R1, 3 billion for the financial year 2009/2010. This is an increase of R 169, 4 million from the previous budget of R1,1 billion.

The Capital budget comprises R172 million for Infrastructure and R50 million for Operating components.

The size of the budget clearly indicates the seriousness of Council towards service delivery and its response to the needs of the community; particularly the poor. The Council is mindful of the fact that its emphasis in addressing needs; it cannot afford to run behind by leaving the current infrastructure to deteriorate further. Enough effort is taken to maintain the existing while at the same time improvements of the previously disadvantaged areas is given primary attention.

LINKAGES BETWEEN THE DRAFT ANNUAL BUDGET; INTEGRATED DEVELOPMENT PLAN AND THE POLITICAL PRIORITIES AT NATIONAL; PROVINCIAL; DISTRICT AND LOCAL LEVEL.

The IDP aligns the available resources; expenditure and the community needs. In order for Council to achieve the alignment; it is also important to align the Council's needs with those of National and Provincial government. Local government is responsible for service delivery to the end user; the community; but this does not mean the National and Provincial directives must be ignored. It is only when all spheres of government align their objectives that some optimal impact can be made to the community.

As indicated on Circular 48; the following FIVE National priorities that guide government policy; assists government to respond to the global economic crisis over the medium term:-

- Protect the poor. Government will continue to expand programmes that alleviate poverty and strengthen social safety net.
- Build capacity for long-term growth. Investment in infrastructure will be accelerated. This includes ensuring that public utilities can finance their capital investments and that the development finance institutions play a greater role in lending for infrastructure investment sharing risk with the private sector.
- Sustain employment growth. Government will increase public investment spending; expand labour intensive employment; and work with business and organized labour to protect work opportunities and accelerate skills development.
- Maintain sustainable debt level. While public debt is set to rise; this expansion must be kept in check so as to reduce space to finance development in the longer term.
- Address sectoral barriers to growth and investment. Micro-economic and regulatory reforms are needed to ensure that a more competitive; labour absorbing economy emerges from the current global crisis.

The National government does assist the municipalities in funding some of the above-mentioned objectives in a way of grants; particularly in relation to infrastructure and the expanded public works programme. The City has a direct responsibility to ensure that the objectives for which funding is obtained; has been achieved accordingly. It is therefore imperative that Council must craft its budget with a view to realize the overall National priorities as listed.
Given the current economic crisis; we need to take some very touch decisions in the course of preparing our 2009/2010 budgets and MTREF. Council must give priority to:-

- Managing all Revenue streams; especially debtors.
- Protecting the poor from the worst impacts of the economic downturn.
- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation.
- Securing the health of our asset bas; particularly the revenue generating assets; by increasing spending on repairs and maintenance.
- Expediting spending on capital projects that are funded by conditional grants.

MEDIUM-TERM SERVICE DELIVERY OBJECTIVES ASSOCIATED WITH MEDIUM-TERM FINANCIAL IMPLICATIONS.

VISION OF CITY OF MATLOSANA

"A WELL RUN CITY THROUGH GOOD GEVERNANCE; WHERE ECONOMIC GROWTH AND PROSPERITY; AND QUALITY MUNICIPAL SERVICE DELIVERY PLACE IT AMONG THE 5 LEADING MUNICIPALITIES BY 2016".

Strategic Focus

While striving to achieve the objectives of the City as captured in Agenda 16; the following developmental priorities must always be addressed:-

- Excellence and transformation..
- Democratic Governance.
- Quality Municipal and Social Services.
- Infrastructure and utilities.
- Accelerated Economic Growth.
- Financial Stability.

The City; therefore; is always guarding against:

- Ineffective; inefficient and poor local governance.
- Low economic growth and unemployment.
- Poor access and provision to basic household services
- High levels of poverty.
- Low levels of literacy and skills development.
- High levels of HIV/AIDS and other diseases.
- High levels of crime and risk.
- Unsustainable development initiatives.

It is therefore important that Council must strike a balance in meeting the basic needs; strengthening the economy and developing skills of people for the future. The City's vision cannot be achieved if these needs are not balanced and integrated. The budget must the fore; be growing to enable Council to meet basic needs and to build on existing skills and technology.

The IDP outlines SIXTEEN PLANS; which respond to the City of Matlosana's vision and values; thereby directing strategic focus areas; key programmes and strategic projects that link to the Council's capital and operating budget.

In delivering on these plans; the City will be able to ensure that its people are able to:-

- Feel protected
- Develop economically
- Live in harmony
- Enjoy basic needs
- Have pride of their City.

OPERATING REVENUE BUDGET

We expect to raise 5,1 % as revenue in the next financial year.

The municipality receives its funding from many sources including; among others; property rates; service charges and government grants. The table below identifies the sources of funding for 2009/2010 financial year.

Sources of Income for the City:

Description	Amount	Increase %
Property Rates	R 150 ,1 m	14
Electricity	R 299,3 m	34
Water	R 134,8 m	12
Refuse Removal	R 62,8 m	8
Sanitation/Sewerage	R 67 m	8
Grants and Subsidies	R 224,2 m	19
Rental of facilities and Equipments	R 6,3 m	11
Interest on Investment	R 15,6 m	5
Interest on Debtors	R 46,6 m	5
Traffic Fines	R 10,7 m	5
Licenses	R 3, 7 m	5
Other Income	R 342,7 m	4
TOTAL	R1,3 billion	14

R714,2 million of Operating Revenue is from property rates and service charges.

It must be noted that these are the only sources of income for the City; therefore the increase of tariffs cannot be avoided. Main of the source of income is property rates and service charges; making 52% of the Operating budget.

It is therefore proposed that for 2009/2010 the tariffs be increased as follows:-

Description	%
Electricity	34%
Water	12%
Sewerage	8%
Refuse Removal	8%
Property Rates:	
➢ Residential	0,0075
➢ Business	0,018
Sundries	8%

The proposed increases are within the inflation rate at present.

OPERATING EXPENDITURE

The total operating expenditure for the City for 2009/2010 is estimated at R1,3 billion. The salaries; allowances and benefits amounts to R314,7 million which is 24 % of the expenditure budget.

CAPITAL EXPENDITURE

Madam Speaker; the capital expenditure for 2009/2010 financial year will amount to R220,9 million; allocated mainly to infrastructure in this manner:-

Description	Amount
Land and Buildings	R 12,7 million
Roads and Storm water	R 35,5 million
Water and Reservoirs	R8,5 million
Electricity Distribution	R44,7 million
Sewerage	R26,9 million
Housing	R26 million

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

In terms of the Municipal Finance Management Act; Council must prepare the service delivery and budget implementation plan as a strategic management tool to ensure that its budgetary decisions are aligned with the IDP and implemented as planned. In this way Council will be able to hold the administration responsible and accountable for non-performance. The SDBIP is used to monitor service delivery; quarterly reports are prepared; audited and submitted to Council.

CONCLUSION

We would like to thank the MMC for Finance Councilor J Douw; Municipal Manager, Mr. Matshidiso Moses Moadira; the Acting Chief Financial Officer, Mr. Ramatu Thomas Makgale and his team particularly the staff of the budget office for preparing this budget.

Last but not least; my comrades and colleagues; Mayoral Committee Members and fellow councilors. I thank you all for advice and guidance. Together we can do much more.

Madam Speaker; allow me this opportunity to table the Medium Term Financial Budget for 2009/2010 for further deliberations.

I thank you

EXECUTIVE SUMMARY

1. ECONOMIC OVERVIEW

The global banking and credit crisis has precipitated a sharp and deep contraction in the world economy. The onset of recession in much of the developed countries has affected developing countries through lower export demand; weaker commodity prices; higher cost of capital; reduced capital flows and falling asset prices. Stimulus measures in major economies should support a global recovery beginning in the second half of 2009; but the outlook is uncertain.

Sound fiscal; monetary policies and discipline; a well-regulated system and prudential limits on foreign investment have helped to limit the exposure of South Africa to the crisis. Economic growth is expected to weaken in response to the global slowdown; falling to 1.2 per cent in 2009 before recovering gradually to 4 per cent by 2011. Sluggish consumption; weak exports and slowing private-sector investment are expected in 2009.

1.1 Macroeconomic conditions will be more difficult over the period ahead.

The world economy is in the midst of the most far-reaching decline since the 1930s. Many of the benefits associated with the buoyant global conditions of the recent past will not be revisited for years to come. Macroeconomic conditions have become more difficult as investment flows to emerging markets dry up and the cost of capital on global markets becomes prohibitive.

1.2 A rise in the debt burden would severely limit future resources for growth and expanding the social wage.

The central goals of economic policy remain accelerating growth and job creation; broadening economic participation and reducing poverty. Progress in these areas will be more difficult over the period ahead. Policy adjustments need to reinforce macroeconomic stability in the context of a deteriorating international environment and provide a temporary cushion to the domestic economy. To raise long-term economic growth above 6 per cent; there is a need to prevent a large rise in the debt burden; which would severely limit future resources for growth and the expansion of the social wage. A supportive monetary stance is also required; and lower inflation in the months ahead should contribute to moderating interest rates.

1.3 Developed economies face recession; emerging economies will grow much more slowly.

Economic conditions deteriorated rapidly for both developed and emerging economies in the final quarter of 2008. The International Monetary Fund (IMF) expects world growth of only 0.5 per cent in 2009; down from an estimated 3.4 per cent in 2008. Sharp contractions in developed economies and slower rates growth in emerging markets are expected over the short term.

1.4 The global crisis and cyclical domestic factors have significantly reduced growth prospects.

In combination with cyclical domestic factors; the international crisis has resulted in a significant deterioration in the growth outlook of South Africa. GDP growth slowed to an estimated 3.1 per cent in 2008 after averaging 5 per cent in the previous four years. Household consumption has fallen in response to higher interest rates; reduced credit extensions; pressure on disposable incomes from rising inflation; and negative wealth effects from declining equity and house prices. The rand fell to a more competitive level in response to capital outflows; but export volumes have been and will continue to be under pressure from reduced demand.

1.5 Growth is expected to slow to 1.2 per cent in 2009.

GDP growth is projected to slow to 1.2 per cent in 2009. Economic activity is expected to start recovering in the second half of the year in response to declining debt levels; lower interest rates and a more expansionary fiscal policy. Strong growth in

public-sector capital spending and investment associated with the 2010 FIFA World Cup will provide an important boost to the economy. Inflation is expected to fall back within the 3 to 6 per cent band in the first half of 2009.

2. OUTLOOK FOR THE SOUTH AFRICAN ECONOMY.

Incomes and output slowed sharply in the second half of 2008; bringing growth for 2008 to about 3.1 per cent. With commodity prices generating lower export earnings; weak consumer spending and slowing private sector investment; growth in 2009 is forecast to be 1.2 per cent; the lowest rate since 1998. We expect output growth to improve in 2010; supported by public infrastructure spending; lower interest rates; the 2010 FIFA World Cup and a recovery in the world economy. Trading conditions are tough and are likely to deteriorate in the short term.

In 2008; South African producers were affected by a series of economic shocks including electricity shortages; rising input costs; higher interest rates and slowing demand. This led to a marked slowdown in consumer-oriented sectors and weak mining and manufacturing output. Several sectors; including mining; manufacturing; retail trade and residential construction; have retrenched workers and the pace of job losses may accelerate further. Civil construction has performed well; supported by ongoing infrastructure investment. Our agricultural sector has grown strongly in response to higher prices and better rains.

Sharply lower oil prices – a barrel of crude oil has fallen by 69 per cent a peak of US$ 145 a barrel in July 2008 to about US$ 45 per barrel at present – will help to cut our import bill; but we are also experiencing a fall in export earnings. The platinum price has fallen by about 60 per cent; from a high of US$ 254/oz in March 2008 to about US$ 980/oz currently; following the decline in world car sales.

3. REVIEW OF THE FINANCIAL PERFORMANCE FOR THE MEDIUM TERM EXPENDITURE FRAMEWORK ENDING 30 JUNE 2009

3.1 More Fuel Price Increases – March 2009

South Africa has been quite fortunate in that since the rapid decline in crude oil prices, motorists have benefited significantly by a falling price per litre at the pumps. For the first time in 12 months, February saw an increase in the price of petrol. March saw a further increase of 45 cents per litre, whilst diesel continued to become cheaper, albeit by 38 cents per litre.

For some time now, due to international demand, the cost per litre of diesel has been somewhat higher than petrol and it has only been in the past few weeks that a semblance of parity between diesel and petrol has been reached. Hence, the price of petrol increases and diesel decreasing. It is unlikely that price parity will be maintained once the northern hemisphere summer approaches and demand increases again.

The outlook for April is bleak as far as further increases are concerned with a guaranteed increase of at least R0.40 per litre due to the increase in the fuel levy and Road Accident Fund contribution. This at a time when consumers are looking to save as much as they can or at least try and protect themselves as best they can against increasing transport costs.

This increase should see freight and public transport costs increase, as will commodities on supermarket shelves - all negative influences on steadily diminishing disposable income of most families.

3.2 Interest Rates

The Governor of the Reserve bank; in his statement of the monetary policy committee on 23 March 2009 indicated that “The inflation outlook has been dominated by the continued weakening of the global economy and financial markets, notwithstanding significant monetary and fiscal measures introduced by central banks and governments. The decline in global demand has resulted in a marked contraction in international trade. The International Monetary Fund, which in January was forecasting global growth to average 0, 5 per cent in 2009, now expects the global economy to contract by up to one per cent in 2009. Numerous industrialized and developing countries are already experiencing negative growth. World inflation is being restrained

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by declining demand and lower commodity prices which are expected to remain subdued under these conditions of negative or low growth".

This negative trend will have a negative effect on the budget to be tabled. Domestic demand conditions have also deteriorated further. In the fourth quarter of 2008, gross domestic expenditure and domestic final demand contracted by 3, 9 per cent and 0, 4 per cent respectively. Final consumption expenditure by households declined by 2, 7 per cent, mainly as a result of a 20 per cent contraction in consumption of durable goods. The growth in gross fixed capital formation moderated further, recording an annualized growth rate of 3 per cent. Motor vehicle sales, which have been under pressure for some time, declined at an annual rate of 35, 6 per cent in February. In January, real retail sales increased at a year-on-year rate of 1,7 per cent −the first year-on-year increase in 9 months− while wholesale trade sales declined by 4,5 per cent over the same period.

Domestic demand conditions are expected to remain under pressure as a result of declining disposable incomes, tighter credit conditions and negative wealth effects. Credit extension to the private sector has continued its downward trend, a result of lower demand and more stringent lending criteria being applied by banks. In January 2009, growth in total loans and advances to the private sector measured 11, 4 per cent. The slower rate of credit extension has resulted in a further moderation of the ratio of household debt to disposable income to 76, 4 per cent in the fourth quarter of 2008, compared with a peak of 78, 2 per cent in the first quarter of that year.

The upside risks to the inflation outlook emanate primarily from cost-push pressures, particularly from administered prices. These include possible higher-than-expected electricity tariff increases. The decline in inflation may also be delayed by continued high rates of increases in food prices, despite marked declines in producer price food inflation.

3.3 Service Delivery

During the recent past; the City of Matlosana has fast tracked the provision of basic services to the previously disadvantaged communities. The Council is continuously reviewing alternate service delivery mechanisms in relation to basic services in order to improve service delivery.

The City of Matlosana achieved; among others; the following during 2007/2008 financial year:-

- Extension of new services for water and sanitation to 65 000 households.
- Provision of 50 kWh free electricity to 16 049 indigent households.
- Provision of 40% rebate to 524 senior citizens
- Provision of 6 kiloliters to 77 316 households.

The City of Matlosana is still doing the best in service delivery challenges; even though it is hampered by infrastructure challenges. Most of the infrastructure is old and ageing and backlogs; population growth; economic climate and state of developments are still facing the municipality.

Poverty and unemployment still remains high and the municipality must bring innovative ways to create partnerships to create formal and informal employment within the city.

The municipality keeps to its objective of excellence in conducting its affairs as stated in the strategy document of Council; Agenda 16.

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3.4 Operating Budget

The 2009/2010 budget; totaling R 1.2 billion; is an increase of R 104 million from 2008/2009 and will increase to R 1.3 billion in 2010/11. Resources have been allocated in this budget to address underdeveloped areas; maintain existing infrastructure and fulfill priorities in the Integrated Development Plan (IDP).

3.5 Capital Budget

The total Proposed Capital Budget amounts to R 222m; R 146m and R126m for 2009/2010, 2010/2011 and 2011/2012 respectively.

<u>Capital Budget for 09/10:</u>

MIG	R72,6 million
IDP Projects	R99,4 million
Operational needs	R50 million

3.6 Property Rates Act

This budget also coincides with the implementation of the Municipal Property Rates Act; 6 of 2004. The new general valuation of properties in line with the new Act has been successfully completed in December 2008. The basis of valuation has changed from only rating land to the market value of both land and improvements (Land and Buildings), and will be implemented as from 1st July 2009.

The total value of all properties amounts to R46.2 billion based on land only in the 2009 Valuation Roll, compared to R646 million based on both land and Improvements, in the 2003 Valuation Roll.

The tariff for property rates on residential will be R0.0075 (cent in a rand) and 0, 018(cent in a rand) on businesses as from 1st July 2009.

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4. INTRODUCTION TO BUDGET 2009/2010

The City of Matlosana developed the budget for 2009/2010 Medium-Term Revenue and Expenditure Framework(MTREF) with a view to accelerate growth and job creation by broadening economic participation of its community and reducing poverty. The City of Matlosana believes this is the only way for a better life for all its residents. The medium-term budget was compiled with a view to addressing key service delivery challenges facing the municipality.

Though faced with challenges as a City; the City of Matlosana recognizes the existing opportunities in its area that will ultimately bring about prosperity and quality of life for all. Furthermore; the budget is compiled in a manner that spending will happen without any unnecessary processes that may hamper administration. Different votes have been consolidated to eliminate duplication of same cost centers within directorates. This approach is clearly evident of expenditures like advertising and security services.

The municipality is serious about meeting the challenges of creating a City with an enabling environment for all its citizens to utilize their full potential and access opportunities which will enable them to contribute towards a vibrant and sustainable economy.

4.1 Overview of policies

The following policies were reviewed by Council:

- Budget Policy
- Tariff Policy
- Property Rating Policy
- Transfer of Funds Policy
- Indigent Relief Policy
- Customer Care; Credit Control and Debt Collection Policy
- Provision for Bad Debts Policy
- Asset Management Policy
- Investment Policy
- Supply Chain Management Policy

BUDGET PROCESS OVERVIEW (INCLUDING CONSULTATION)

The budget process is governed by the following legislation:-

- Local Government Municipal Finance Management Act; and
- Local Government Municipal Systems Act

The municipality is required to follow the budget process that will enable the community and all stakeholders to take part in the budgeting process.

The Budget/Integrated Development Plan Review of the City of Matlosana for 2009/2010 financial year started with the approval of the process plan on 26 August 2008. All the stakeholders made a commitment to the process followed in reviewing the IDP as well as formulating the budget. Several meetings and workshops were held to ensure that the budget is more closely aligned to the IDP and Service Delivery and Budget Implementation Plan (SDBIP). Regular meetings were scheduled involving the Budget Office; the Budget Steering Committee and the IDP Manager.

During February 2009 budget instructions and broad expenditure parameters were issued to directorates by the Budget Office. A series of meetings were held with the directors and managers of different directorates during March 2009. At these meetings; the budget strategy; budget policies and alignment of the Operating budget with IDP was discussed. Directorates subsequently submitted inputs; and the first draft was compiled during March 2009. The balanced Draft Budget will be tabled and adopted by Council at its meeting on 31 March 2009.

The capital budget for 2008/2009 to 2010/2011 medium term was approved in May 2008; reflecting projects approved for the two years of 2009/2010 to 2010/2011 MTEF cycle. The projects for 2009/2010 and 2010/2011 was undertaken to incorporate contractual commitments and any necessary amendments needed. The Draft Capital Budget will also be tabled and adopted by Council on 31 March 2009.

During the prioritization process of the capital budget; the impact of capital projects on future operating budgets was assessed and considered prior to these projects being approved. Both the Operating and Capital Budgets have been evaluated through a prioritization mechanism that ensures alignment to the development strategy of the municipality.

POLITICAL OVERSIGHT

The political component has a duty to make on oversight over the budget process. The oversight role will assist the prioritization and spending plans of Council. In terms of section 53(1) (a) of MFMA; the mayor must provide political guidance over the budget process and the priorities that must guide the preparation of the budget.
The Budget Steering Committee plays a significant role in this regard. Financial planning and spending plans are closely monitored and the Council is advised by the Budget Steering Committee accordingly.

KEY DEADLINES

The budget time schedules for the compilation of the 2009/2010 medium term budget was approved by Council in September 2008; in line with the stipulated time schedule for the compilation of the budget by MFMA. The main aim of the budget time table is to ensure integration between the development of the IDP and the budget and also to ensure a balanced budget is tabled for consideration and approval.

Among others; the following key deadlines relate to the budget process must be observed as per Circular No. 48:-

Description	Due date
Tabling of Annual Budget to Council	31 March 2009
Submission of the tabled to National Treasury and relevant Provincial Treasury; including Schedule A of the Municipal Budget and Reporting Regulations; including furthermore tables(A1 to A10) and all the supporting tables(SA1 to SA37); both in printed and electronic format.	1 April 2009

Public Hearings and Consultations on the Annual Budget	1 April 2009 To 30 April 2009
Workshop on the Annual Budget	1 May 2009 To 15 May 2009
Approval of Final Budget; IDP and SDBIP	16 May 2009 To 29 May 2009
Submission of Approved Annual Budget to National Treasury/DPLG. The budget must also be placed on the website of Council.	7 June 2009

CONSULTATION PROCESS

Extensive public participation was followed immediately after the Draft budget has been tabled and approved by Council on 31 March 2009. The Draft budget was published in the newspaper of Council and on the website. Copies of the tabled budget were forwarded to National Treasury; Provincial Treasury and DPLG.

ALIGNMENT WITH NATIONAL AND PROVINCIAL PRIORITIES

The successful alignment of the City's service delivery priorities as captured in the IDP and National and Provincial objectives is critical in achieving our developmental goals and to ensure maximum impact. The City of Matlosana has structured the budget in a manner to give effect to the strategic priorities and to support long-term sustainable growth and development; in line with National and Provincial objectives.

The following priorities are National Government's framework to enhance the social and cultural and economic welfare of all South Africans:-

- Protect the poor.
- Build capacity for long-term growth
- Sustain employment growth.
- Maintain sustainable debt level.
- Address sectoral barriers to growth and investment.

The following key policy areas are the focus of 2009/2010 Provincial Budget:-

- Poverty alleviation.
- Economic empowerment.
- Skills development; training and preferred procurement.
- Infrastructure development and job creation.
- Building a healthy and caring nation.

The following local priorities; informed by National and Provincial priorities; are taken into account while drafting the budget:-

- Accelerate and improve service delivery to the broader community.
- Improve municipal infrastructure.
- Accelerate economic growth and job creation.
- Fight poverty; build a safe; secure and sustainable community.
- Improve/develop skills to raise productivity.

ALIGNMENT OF BUDGET WITH INTEGRATED DEVELOPMENTAL PLANS

Vision of the City of Matlosana: AGENDA 16

The vision of the City of Matlosana is "A WELL RUN CITY THROUGH GOOD GEVERNANCE; WHERE ECONOMIC GROWTH AND PROSPERITY; AND QUALITY MUNICIPAL SERVICE DELIVERY PLACE IT AMONG THE 5 LEADING MUNICIPALITIES BY 2016".

Strategic Focus

While striving to achieve the vision of the City; the following developmental priorities must always be addressed:-

- Excellence and transformation.
  - City Report Card as a tool to ensure good governance.

- Democratic Governance.
  - Public participation; communication and customer care.

- Quality Municipal and Social Services.
  - Safety and Security
  - Community services
  - Sustainable environmental management

- Infrastructure and utilities.
  - Provision of Housing
  - Asset management
  - Existing infrastructure maintenance
  - Existing infrastructure backlog and upgrade
  - New bulk services and infrastructure

- Accelerated Economic Growth.
  - Sustainable new projects
  - SMME Development
  - Rural economic development(energy)
  - City branding/marketing/tourism

- Financial Stability.
  - Cashflow management and revenue enhancement
  - Public private partnership

The City; therefore; is always guarding against:

- Ineffective; inefficient and poor local governance.
- Low economic growth and unemployment.
- Poor access and provision to basic household services
- High levels of poverty.
- Low levels of literacy and skills development.
- High levels of HIV/AIDS and other diseases.
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It is therefore important that Council must strike a balance in meeting the basic needs; strengthening the economy and developing skills of people for the future. The City's vision cannot be achieved if these needs are not balanced and integrated. The budget must therefore; be growing to enable Council to meet basic needs and to build on existing skills and technology.

The IDP outlines SIXTEEN PLANS; which respond to the City of Matlosana's vision and values; thereby directing strategic focus areas; key programmes and strategic projects that link to the Council's capital and operating budget. This is the only way that we will have a better alignment of the IDP and the budget:-

The sixteen plans are:-

- ➢ City Report card as a tool to measure good governance
- ➢ Public Participation; communication and Customer care
- ➢ Safety and Security
- ➢ Community services
- ➢ Sustainable environmental management
- ➢ Provision of housing
- ➢ Asset management
- ➢ Existing infrastructure maintenance
- ➢ Existing infrastructure backlog and upgrade
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- ➢ Cashflow management and revenue enhancement
- ➢ Public private partnership.

In delivering on these plans; the City will be able to ensure that its people are able to:-

- Feel protected
- Develop economically
- Live in harmony
- Enjoy basic needs
- Have pride of their City.

IDP OVERVIEW AND AMENDMENTS

IDP is a legislative requirement that is put in place for a five year period. Its principal purpose is to ensure the development of the local community in an integrated manner which involves strategic business units within the municipality; relevant stakeholders and the community at large.

LINK BETWEEN IDP; BUDGET AND NATIONAL/PROVINCIAL PRIORITIES

The IDP aligns the available resources; expenditure and the community needs. In order for Council to achieve the alignment; it is also important to align the Council's needs with those of National and Provincial government. Local government is responsible for service delivery to the end user; the community; but this does not mean the National AND Provincial directives must be ignored. It is only when all spheres of government align their objectives that some optimal impact can be made to the community.

As indicated on Circular 48; the following FIVE National objectives that guide government policy; assists government to respond to the global economic crisis over the medium term:-

- Protect the poor. Government will continue to expand programmes that alleviate poverty and strengthen social safety net.
- Build capacity for long-term growth. Investment in infrastructure will be accelerated. This includes ensuring that public utilities can finance their capital investments and that the development finance institutions play a greater role in lending for infrastructure investment sharing risk with the private sector.
- Sustain employment growth. Government will increase public investment spending; expand labour intensive employment; and work with business and organized labour to protect work opportunities and accelerate skills development.
- Maintain sustainable debt level. While public debt is set to rise; this expansion must be kept in check so as to reduce space to finance development in the longer term.
- Address sectoral barriers to growth and investment. Micro-economic and regulatory reforms are needed to ensure that a more competitive; labour absorbing economy emerges from the current global crisis.

The National government does assist the municipalities in funding some of the above-mentioned objectives in a way of grants; particularly in relation to infrastructure and the expanded public works programme. The City has a direct responsibility to ensure that the objectives for which funding is obtained; has been achieved accordingly. It is therefore imperative that Council must craft its budget with a view to realize the overall National objectives as listed.

IDP REVIEW PROCESS AND SRAKEHOLDER PARTICIPATION

In terms of the Municipal Systems Act; 2000; the review of an IDP is an annual activity. During the review of the IDP; the stakeholder consultation process is necessary and important. Of critical is for the municipality to ensure that there is thorough consultation with the community and the strategic stakeholders. The process must be understood and owned by all stakeholders.
As part of the Annual Review of the City of Matlosana's IDP as prescribed by the Municipal Systems ACT; Council embarked on an extensive process to engage with stakeholders and obtain comments which are captured in the 2009/2010 reviewed IDP.

BUDGET ASSUMPTIONS

Budgets are prepared in accordance with approved policies. The MTEF budget was prepared on the basis of accrual accounting. Accrual accounting refers to a system of accounting where transactions are brought to account in the financial year in which they occur; irrespective of whether cash is paid or received in respect of such transactions during the financial year concerned.

Capital budget is the estimate of the capital expenses which will be incurred over the relevant financial year; and the sources of finance from which these expenses will be funded.

The budget is divided between Operating and Capital Budget. The purpose of dividing a budget in this manner is to ensure that each of the principle activities and projects of the municipality are assigned a fair portion of the resources available and to hold the relevant Member of Mayoral Committee and the Head of the Department answerable and accountable.

The budget is divided into Votes. Votes are based on the Government Finance Statistics (GFS) vote required for reporting and approval purposes.

Section 24(2) (a) of the Municipal Finance Management Act; 56 of 2003; requires that a municipality must approve its budget before 30 June of each year. The consequences of failure to comply with this requirement can be disastrous to Council. MFMA also provides that the budget must set out realistically expected revenues for the budget year for each revenue source; and must appropriate expenses for the budget year under the different votes of the municipality.

The central goals of economic policy remain accelerating growth and job creation; broadening economic participation and reducing poverty. It is important to prepare the budget in the context of the economic crisis. A thorough understanding of the implications of the current global economic crisis and the slow-down in the domestic economy on the local economies must be studied and understood better before compiling a budget.

Given the current economic crisis; tough decisions need to be taken in the course of preparing the 2009/10 budget and MTREF. Priority must be given to the following:-

- Managing all revenue streams; especially debtors;
- Protecting the poor from the worst impacts of the economic downturn;
- Supporting meaningful local economic development(LED) initiatives that foster micro and small business opportunities and job creation;
- Securing the health of asset base; especially revenue generating assets; by increasing spending on repairs and maintenance; and
- Expediting spending on capital projects that are funded by conditional grants.

Council must pay special attention to eliminating all unnecessary spending on nice-to-have items and non-essential activities. The Minister of Finance; in his Budget Speech of 11 February 2009 highlighted that there is insufficient control of foreign travel; advertising and public relations activities; as well as the use of consultancy services. Council must ensure that its financial position remains sustainable over the medium term; even in the face of the current economic crisis.

Furthermore; the Budget Review 2009 outlines how the global economic crisis is likely to impact on the South African economy:-
Domestic GDP growth is projected to slow to 1.2 per cent in 2009 from an estimated 3.1 per cent in 2008. The period of slower growth ahead is likely to be characterized by rising unemployment; declining business profitability and the closure of some companies. While policy responses to the crisis will reduce the impact on poor and marginalized communities; economic conditions will be difficult for some time.

Slowing economic growth has put pressure on revenues and reduced the fiscal space for increased expenditure. However; as a result of sound fiscal management and prudent policy choices over the past; the Council will be able to increase spending on social services and fixed investment over the medium term.

Council must craft its budget to support the realization of the overall national objectives; being:-

- Protect the poor. Expand programmes that alleviate poverty and strengthen social safety net.
- Build capacity for long-term growth. Investment in infrastructure must be accelerated.
- Sustain employment growth. Increase public investment spending; expand labour intensive employment programmes; and work with business and organized labour to protect work opportunities and accelerate skills development.
- Maintain sustainable debt level. While public debt is set to rise; this expansion must be kept in check so as to reduce the space to finance development in the longer term.
- Address sectoral barriers to growth and investment. Microeconomic and regulatory reforms are needed to ensure that a more competitive; labour absorbing economy emerges from the current global crisis.

The high interest rates and the total economic downturn will put pressure on remuneration packages of employees which must be catered for in this budget. These huge inflationary pressures will impact negatively on the budget as well as the increases on municipal tariffs and taxes. The objective will still be to present a budget that will take into account the impact of tariff increases on the poor and the broader community.

HEADLINE INFLATION FORECASTS/KEY FINANCIAL INDICATORS

The budget assumptions/parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievement of the longer-term financial and strategic targets.
The municipal fiscal environment is influenced by a variety of macro economic control measures. National Treasury determines the ceiling of year on year increases in the total operating budget; whilst the National Electricity Regulator (NER) regulates electricity tariff increases. Various government departments also affect municipal service delivery through the level of grants and subsidies.

The following headline inflation forecasts underpin the national 2009 Budget:

Descrip-tion	2007/ 2008 Act-ual	2008 /2009 Esti-mate	2009 /2010 Fore-cast	2010/2011 Fore-cast	2011 /2012 Fore-cast
Headline CPI Inflation	8.1%	10.8%	5.4%	5.1%	4.6%

Council must take these inflation forecasts; as well as local economic conditions into consideration when determining their new rates; tariffs and other charges and developing their budgets for 2009/2010 and MTREF.
Furthermore; the inflation rate of 8.1% as reported in the Quarterly Bulletin of the Reserve Bank for the first quarter 2009 must be taken into account when crafting the budget.

INVESTMENT OF FUNDS AND INTEREST FOR BORROWING

Investments made with the various financial institutions are strictly in compliance with Municipal Finance Management Act and the Investment Regulations.

The Investment returns achieved are as follows:

Description	30 June 2007	30 June 2008	30 June 2009
Average rate of return on Investment	7%	9%	8%

The municipality faces a number of challenges to fulfill its mandate of service delivery. Infrastructure backlogs are enormous and existing assets are ageing rapidly and need refurbishment. The borrowing needs may have to be considered in the future. The N12 Route Development may require Council to raise external loans.

A loan amount of R26 939 994.06 million has been refunded to the financial institution as it was irregular and not acquired in a proper manner.

TAX BASE GROWTH

Revenue of Council is expected to increase; due to strict consumer debtor's collection rate; tariff rate pricing and real growth rate of the city. The City of Matlosana has experienced reasonable growth; especially on residential centers towards the North suburbs. The manufacturing and industrial sector also indicated some growth; developments on the City Mall and possible future improvements in the area of Checkers Shoprite will increase the tax rate. Furthermore; the N12 development will bring growth in residential and business centers.

COLLECTION RATE

Collection rate is the cash collected from consumers expressed as a percentage of the amount billed. The average monthly collection rate and projections for 2008/2009 are as follows:-

Description	Average 2006/2007	Average 2007/2008	Projection 2008/2009
Total All Services	93.1%	86.6%	90%

More efforts must still be made to collect outstanding amounts. The appointment of two debt collectors is expected to assist and improve the collection rate.

BULK TARIFF INCREASES ELECTRICITY

In terms of Section 42(5) of MFMA; NERSA in unlikely to be in a position to approve a revised electricity pricing structure before the Draft budget is tabled. In terms of National Treasury MFMA Circular 48; municipalities are advised to budget for a 34 per cent increase in bulk electricity tariffs when preparing their tabled and adopted budgets. This recommendation should be seen as a necessary step taken to assist municipalities in preparing their budgets for 2009/2010 financial year and it is not intended to pre-empt NERSA's ruling on the 2009/2010 tariff increase. Should NERSA table a revised electricity pricing structure before 1 July 2009; Council will be required to adjust its tabled budget accordingly. Should NERSA; however; fail to revise the electricity pricing structure before 1 July 2009; the 34 percent increase will apply to the bulk electricity tariff for the 2009/2010 municipal financial year. Any further changes in the bulk price of electricity to municipalities will have to stand-over and be accommodated in the electricity price structure that NERSA must make before 15 March 2010; and will thus only apply from 1 July 2010.

Purchase from Eskom amounts to R 193 012 070. This amount includes the estimated growth in energy consumption and 34 per cent anticipated increase in the Eskom tariff with effect from 1 July 2009.

SALARY INCREASE

The budgeted salary increase is 10.5% for the financial year. At this stage the salary negotiations for 2009/2010 to 2011/2011 has not been concluded; therefore the projected increases cannot be indicated.

DEMAND FOR SERVICES

The City of Matlosana, just like most cities in the country; are growing rapidly in terms of population and business activities. The recently held Investors Conference is expected to increase economic opportunities; growth and development.

It is expected that 2 500 housing units will be built in 2009/2010 financial year. This will have an important impact on service delivery and other developmental issues.

The demand for basic services like electricity; water; sanitation; refuse removal and cleansing will increase accordingly; together with the infrastructure developments like the construction of roads and storm water drainage. The demand for free basic services will also be expected to increase due to continuous increase of housing developments around the municipal area. The roll out of water services to all consumers together with the extension of water borne sewerage infrastructure will place additional demands on services.

FREE AND SUBSIDISED BASIC SERVICES

As a manner of taking care for the poor; the City of Matlosana; as all other municipalities in the country; must see to it that the poor are provided with free and subsidized services. The basic social package is an affirmation of the Council's commitment to push back the frontiers of poverty by providing a social welfare to those residents who cannot afford to pay because of adverse social and economic realities. The social package will also assist in meeting Council's constitutional obligations. Even though the poor are assisted in this manner; it must be stressed that all residents; including the poor; are still required to pay for their services over and above the free basic services provided.

The estimated cost of the social package (IGG Grant) amounts to approximately R221million for the 2009/2010 budget year. The total IGG grants paid during 2007/2008 financial year for 37 113 indigent consumers amounted to R 153million.

The following initiatives are carried by Council for the indigent:-

Service	Social Package	Approx Cost	Estimate No. Of Househo lds
Property Rates	All residential property owners are exempted from paying property rates on the first R 50 000 of their property value	21 126 750	56 686
Water	The first 6 kl of water is free to all residents.	17 184 960	78 000
Electric	The first 50 kWh of electricity id free to registered indigents	13 591 987	38 060
Refuse Removal	Free for all registered indigents	27 005 853	38 060
Sewerag e	Free for all registered indigents	20 282 935	38 060
TOTAL		99 192 485	

The cost of this social package must be funded from the equitable share provided by National Government; which amounts to R 107 467 000; with the balance used to fund service delivery projects.

CONSULTATIVE PROCESS – OUTCOMES

In all the previous budgets; the City of Matlosana have ensured a more intensive public participation in the budget process and communities are informed timeously about the process we embark on. The same pattern of public participation will be followed with this budget.
Section 32(2) of MFMA stipulates that" after considering all budget submissions; the Council must give the Executive Mayor an opportunity

- To respond to the submissions; and
- If necessary; to revise the budget and table amendments for consideration by the Council"

The following main issues are likely to be raised during the 2009/2010 budget consultation process:-

- Increase in property rates and service charges.
- What rating system was used for market valuations?
- Housing delivery and informal settlements.
- Unfunded mandates.

The annual budget is addressing these issues to a greater extend. The final budget therefore represents a refined and amended version of the tabled draft budget after taking into consideration; the submissions and representations during the community consultation process.

SERVICE CHARGES AND OTHER FEES

In order for the City of Matlosana to be financially viable and sustainable; sufficient resources must be generated. It is normally not possible to generate

alternative means of revenue; hence the need to increase rates and tariffs. In terms of Municipal Systems Act; the determination of tariffs is the sole responsibility of Council. When determining tariffs; the Council considers affordability by consumers.

Property Rates

From 1 July 2009; owners of properties in the jurisdiction of the City of Matlosana will pay rates in terms of the new Municipal Property Rates Act. It is expected that owners of properties will pay more as rates will now be based on the market value of both land and buildings. There will be an increase in the rates levied from 1 July 2009. The cent in a rand has been reduced to compensate for higher values. The impact of new valuations on the indigent consumers; senior citizens and disabled consumers was considered to ensure a minimum impact.

Valuation Roll

A total of 95 051 properties are reflected on the Valuation Roll for 2009; with a total value of R46 172 946 999 billion.

Description	Number	Value	Amount
Residential properties valued under R 50 000; paying no rates	56 686	1 086 535 100	5 432 675
Residential Properties valued more than a R1 million	216	275 365 000	1 322 825
Residential Properties valued more than R2 million	7	16 854 000	82 520
Residential Properties valued more than R3 million	-	-	-
Business and Commercial Properties	2295	1 738 892 100	8 694 461
Industrial Properties	414	260 211 000	1 301 055
State-owned Properties	414	48 2214 100	2 411 071
Institutional Properties	18	1 000 000	5 000
Agricultural Properties	2614	359 879 400	3 194 291

Water and Electricity

The electricity tariffs reflect an increase of 34%. The increases higher than the inflation rate are expected in the medium term.

The increase of 12% in water for 2009/2010 year are necessitated by increases in maintenance of ageing infrastructure and provision of services to new areas developed.

Other factors that contributes to increases in levels of rates and service charges are; among others;

- Salary increases of about 10.5 % from 1 July 2009.
- Increased maintenance of network and structures.
- Provision for filling new vacant positions.
- Infrastructure roll out and provision of basic services.

FUNDING THE BUDGET (FUNDING AND FISCAL OVERVIEW)

The liquidity levels and financial position of the City Of Matlosana are still sound and positive. These is due to factors like a balanced budget that does not deplete surpluses; fiscal discipline in spending within the approved budget; positive cash and investment position and improving revenue collection rate of 87%.

CAPITAL BUDGET FOR 2009/2010 – 2011/2012

In 2007/2008; the total capital budget amounted to R319 054 375. The actual capital expenditure for 2007/2008 amounted to R175 620 360. R 114,631 578 was funded by National and Provincial grants and R61 258 781 by Council's own funding.

During 2008/2009 financial year; the capital budget amounted to R297 691 670; mainly due to provision of infrastructure developments; roads and storm water in Kanana; Khuma; Tigane and Jouberton.

In over three coming years; capital spending is expected to be R 220 902 000 in 2009/2010; R146 592 000 in 2011/2012 and R 128 110 230 in 2011/2012.

Bulk of the capital budget will be spent on roads; water; and sewer network.

OPERATING BUDGET FOR 2009/2010 – 2011/2012

During 2007/2008; financial expenditure amounting to R966 452 884 was fully funded from Council's revenues and grants and subsidies from National and Provincial Treasury. In 2008/2009; an amount of R1 194 895 627 will be funded from revenue and grant funding.

In 2009/2010; the operating budget increased from R 1 143 839 million 2008/2009 to R 1 305 711million in 2009/2010 and R 1 372 302million in 2010/2011 and R 1 435 428 in 2011/2012 respectively.

The main reasons for the increase are; among others:

- Service delivery backlogs
- Repairs and maintenance
- Cost of bulk purchases(water and electricity)
- Employee costs

The municipality receives its funding from many sources including; among others; property rates; service charges and government grants. The table below identifies the sources of funding for 2009/2010 financial year.

Description	Amount	%
Property Rates	R150,150,784	11
Electricity	R299,341,339	22
Water	R134,839,462	10
Grants and Subsidies	R224,240,000	16
Rental of facilities and Equipments	R6,337,090	0.46
Interest on Investment	R15,656,610	1
Interest on Debtors	R46,659,660	3
Refuse Removal	R62,881,160	5
Sanitation/Sewerage	R67,065,214	5

Traffic Fines	R10,727,920	1
Licenses	R3,714,370	0.27
Other Income(Details attached)	R342,756,920	25
TOTAL	R1,364,370,529	

The Operating Revenue of R714 277 959 is funded from property rates and service charges.

REVENUE

Property Rates

The market valuation system will increase the year to year comparisons to rates charged. As illustration; the example of a typical residential rates charge will be as follows:-

- Tariff: 0.0075c/Rand
- Rebate: R 40 000

Previous Site value	Current Tariff	Current Monthly rate	New Combined values	After R 40 000 Discount	New Proposed Tariff	New monthly rate
12,500	.1876	R 195.00	650,000	610,000	.0075	R 381.25
85,000	.1876	R 1329.00	1,200,000	1,160,000	.0075	R 725.00
3,000	.1876	R 46.90	40,000	-	.0075	-
45000	.1876	R704.00	900,000	860,000	.0075	R 537.50

Other tariffs for assessment rates are proposed to be as follows:-

- Agricultural : 0.018 in a rand
- Vacant Land: 0.018 in a rand
- Mining: 0.018 in a rand

GRANT ALLOCATIONS.

An additional R11.3billion is allocated to local government over the medium term. This means national transfers to local government grow by 14.2 per cent annually between 2008/2009 and 2011/2012; which is significantly higher than the average annual growth in total government expenditure.

The following grants allocated to the municipality in terms of the 2009 Division of Revenue Bill have been included in this medium term budget:-

Grant	2009/2010	2010/2011	2011/2012
Equitable Share	R221,440,000	R276,565,000	R302,504,000
MIG	R74,610,000	R87,892,000	R75,457,000
FMG	R750,000	R1,000,000	R1,250,000
MSIG	R400,000	R750,000	R790,000
NER	R6,800,000	R5,500,000	R2,000,000
NDPG	R2,000,000	R3,600,000	R6,480,000
Improvement of Library	R450,000	R450,000	R450,000

SERVICE TARIFFS

SAMPLE OF RESIDENTIAL TARIFF INCREASES

This part of the report gives an illustration of what the increases in tariffs is expected to impact on consumers.

Elec. Usage	Levy 08/09	Levy 09/10	Water Usage	Levy 08/09	Levy 09/10	Rates Value '000	Tariff 08/09	Rates Value '000	Tariff 09/10	08/09 Charges	09/10 Charges
200	98.00	122.5	20	120.26	134.69	5	78.16	65	15.63	296.42	272.82
500	245.0	306.25	25	164.76	184.53	10	156.33	100	37.50	566.09	549.11
950	465.5	581.87	35	253.76	284.21	20	312.66	880	525.0	1031.92	1391.08
1100	539.0	673.75	50	387.26	433.73	25	390.83	1200	725.0	1317.09	1832.48

LOAN AND INVESTMENTS

It is expected that the municipality will continue to fund each financial year's in line with anticipated budget performance; taking into account the National AND Provincial grant allocations. The municipality is able to fund the capital budget from both internally generated reserves and grant allocation. The municipality; with its sound financial position; has access to long-term loans from the financial institutions at favorable rates; but the current operating budget cannot afford the capital and interest repayments without increasing the tariffs higher than the approved growth rate of National Treasury.

The City of Matlosana is adhering to all requirements of MFMA in complying with investment and borrowing activities. The ability of Council to deliver on its mandate depends on its funding sources which are:

Capital Budget

Description	Adjusted 2008/2009	2009/2010	2010/2011	2011/2012
Total Capital Budget	319 054 375	220 902 000	146 592 000	128 110 230
Funding:-				
• Grants Funding	197 943 960	82 210 000	93 392 000	78 957 000
• Internal Funding	121 110 415	103 422 000	53 200 000	49 153 000
• External Funding	0	35 270 000	0	0
• Public Contribution/Donations	0	0	0	0
TOTAL	319 054 375	220 902 000	146 592 000	128 100 230

SOURCES OF FUNDING

The City of Matlosana uses different tariffs as source of funding. The tariff increases are taking into consideration; the actual costs of delivering services; budget priorities and National legislation; regulations and policy guidelines.

The main sources of income for the municipality is property rates; service charges (water and electricity; refuse removal; sewerage) and fiscal transfers from other spheres of government.

INVESTMENTS – CASH BACKED

The City has external investments to ensure available cash for repaying loans and other operating commitments. These investments are cash-backed. Investment income is used to fund the budget. Reserves are also cash-backed as required by MFMA and GRAP.

BUDGET RELATED POLICIES OVERVIEW AND AMENDMENTS

Proper budgets are prepared in accordance with approved policies. In order for the City of Matlosana to have a balanced and credible budget; its budget is based on realistic estimates of revenue that are informed by budgetary resources and collection experiences. The needs of the community of Matlosana normally exceed the available resources to meet those needs; therefore; the needs must be met within the budgetary constraints the City finds itself in.

The policies of the City of Matlosana aim to provide services of a high quality as captured in Agenda 16. Policies are designed to keep the municipality in a fiscally sound position and ensure successful financial planning and spending outcomes.

The following budget-related policies have been approved by Council. These policies were reviewed/amended during April and May 2009; with the community participation process. Policies were reviewed/amended to be in line with National Guidelines and other relevant legislation.

- Policy Regarding the Transfer of Budgeted Funds Policy.
- Supply Chain Management Policy and Preferential Procurement Policy.
- Tariff Policy.
- Asset Management Policy.
- Indigent Relief Policy.
- Customer Care; Credit Control and Debt Collection Policies.
- Investment Policy.
- Budget Policy.
- Property Rates Policy.

The following policies must still be drafted and submitted to Council for approval and adoption:-

- Borrowing Policy
- Funding and Reserves Policy.
- Long-term financial plan Policy.
- Management and Disposal of Assets Policy.
- Infrastructure Investment and Capital Projects Policy.
- Provision for Free Basic Services Policy.
- Introduction of Adjustment Budget Policy.
- Unforeseen and Unavoidable Expenditure Policy.
- Management and Oversight Policy.
- Policy related to management of electricity and water losses.
- Policy to promote conservation and efficiency of water and electricity.
- Overtime policy.
- Vacancies policy.
- Temporary staff policy.

SUPPORTING TABLE 5 GOVERNMENT GRANTS & SUBSIDIES - ALLOCATIONS	Preceding Year 2007/08	Current Year 2008/09			Medium Term Income and Expenditure Framework		
					Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
NATIONAL GRANT ALLOCATIONS							
1.Equitable Share	135 346	166 985	172 771	172 771	221 440	276 565	302 504
2.FMG	-	500	1 226	1 226	750	1 000	1 250
3.Infrastructure	131 128	58 530	-	-	74 610	87 892	75 457
4. NER	345	2 400	-	-	6 800	5 500	2 000
5. NDPG	-	8 800	4 000	4 000	2 000	3 600	6 480
5. MSIG	-	400	400	400	400	750	790
Sub Total - National Grant AllocationS	**266 819**	**237 615**	**178 397**	**178 397**	**306 000**	**375 307**	**388 481**
PROVINCIAL GRANT ALLOCATIONS				-			
2. Improvement Library Services		450	450	450	450	450	450
Sub Total - Provincial Grant AllocationS	**-**	**450**	**450**	**450**	**450**	**450**	**450**
MUNICIPAL GRANT ALLOCATIONS							
1. District Municipality	5 000	5 000	3 000	3 000	-	-	-
Sub Total - Municipal Grant Allocations	**5 000**	**5 000**	**3 000**	**3 000**	**-**	**-**	**-**
TOTAL GRANT ALLOCATIONS	**271 819**	**243 065**	**181 847**	**181 847**	**306 450**	**375 757**	**388 931**

	Preceding Year 2007/08	Current Year 2008/09			Medium Term Income and Expenditure Framework		
					Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
MUNICIPAL OWN FUNDING							
1.Internal Funding		51 000	71 677	71 677	70 000	73 780	77 174
TOTAL OWN FUNDING	**-**	**51 000**	**71 677**	**71 677**	**70 000**	**73 780**	**77 174**

IDP PRIORITIES 2009/10		
ALLOCATION PER KPA		
ITEM	KPA	AMOUNT
1	Electricity	44,769,878.00
2	Roads	35,570,400.00
3	Sanitation	33,930,900.00
4	Housing	26,000,000.00
5	Community Services	15,200,000.00
6	Water	8,571,000.00
7	Local Economic Development	3,000,000.00
8	Finance Dept	1,700,000.00
9	Fire Department	1,000,000.00
10	Corporate Services	1,000,000.00

SUPPORTING TABLE 4a INVESTMENT PARTICULARS BY MATURITY	Period of Investment	Type of Investment	Expiry date of Investment	Monetary Value R'000	Interest to be Realised R'000
Name of Institution/Investment ID					
NRB		Fixed (short-term)	Under receivership	710	100
ABSA	1 month	Fixed (short-term)	24 April 2009	40 000	314
ABSA	1 month	Fixed (short-term)	15 June 2009	30 000	254
INVESTEC	1 month	Fixed (short-term)	14 June 2009	30 000	254
ABSA		Call		9 000	185
RMB		Call		45 000	1 137
INVESTEC		Call		40 000	975
NEDCOR	18 yrs	Fixed (long-term)	30 June 2019	7 750	389
FNB	12 months	Collateral	30 June 2009	53	5
FNB	12 months	Housing collateral	30 June 2009	14	1
SENWES		Share investment	30 June 2009	57	2
SANLAM		Policy		4 706	329
				207 290	**3 945**

SUPPORTING TABLE 4 INVESTMENT PARTICULARS BY TYPE	Preceding Year 2007/08	Current Year 2008/09			Medium Term Income and Expenditure Framework		
					Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
Investment Type							
Securities - National Government							
Listed Corporated Bonds							
Deposits - Banks	228 642	217 590	228 469	228 469	240 074	252 318	263 925
Deposits - Public Investment Commisioners							
Deposits - Corporation for Public Deposits							
Bankers Acceptance Certificates							
Negotiable Certificate of Deposit - Banks							
Guaranteed Endowment Policies (sinking funds)							
Repurchase Agreements - Banks							
Municipal Bonds							
Share Investments	57	57	57	57	60	63	66
Policy Investments	4 706	4 879	4 879	4 879	4 941	5 193	5 432
TOTAL INVESTMENTS	**233 405**	**222 526**	**233 405**	**233 405**	**245 075**	**257 574**	**269 423**

DISCLOSURE ON IMPLEMENTATION OF MFMA AND OTHER LEGISLATION

The Municipal Finance Management Act; MFMA; is aimed to secure a sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government; to establish treasury norms and standards for the local sphere of government; and to provide for matters connected therewith.

MFMA has had a profound effect on the local government operations that required transformation in financial planning processes. The 2009/2010 medium-term budget is an expression of a continuous process of improving the financial planning progress of Council; incorporating revised new formats in accordance with National Treasury requirements.

As a high capacity municipality; the City of Matlosana has crafted the budget in line with National Treasury developed regulations for new budget formats.

The following are some MFMA activities within the City of Matlosana:-

INTEGRATED DEVELOPMENT PLAN

The 2009/2010 IDP has been reviewed and a revised one submitted to Council with the budget.

BUDGET

The 2009/2010 budget has been developed in line with MFMA and National Treasury requirement. The budget is tabled and approved within the required legislative timeframes.

ANNUAL REPORT

Just like the budget; the annual report has been developed taking MFMA and National Treasury requirements into account.

IN-YEAR REPORTING

Reports required are submitted to Accounting Officer; Executive Mayor; Council; Provincial and National Treasuries on an ongoing basis. Requirements of MFMA are adhered to.

BUDGET AND TREASURY OFFICES

The budget and Treasury office; directorate finance; has been established in accordance with the MFMA and National Treasury requirements.

DIVISION OF REVENUE ACT.

The City of Matlosana has taken into consideration the Council's annual budget equitable share of revenue received through consultations and deliberations as required by MFMA.

Furthermore; the Municipal Infrastructure Grant has been implemented and comply fully with the requirements of DORA; IDP and all the processes of bringing this grant into annual budget of Council are followed.